

## Message Text

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ACTION STR-04

INFO OCT-01 EUR-12 IO-10 ISO-00 EB-07 SS-15 TRSE-00 AGR-05

COME-00 CIAE-00 INR-07 NSAE-00 ( ISO ) W

----- 064039

R 302218Z SEP 75

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 7664

INFO USDEL MTN GENEVA

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PASS STR FOR AMBASSADOR DENT

E.O. 11652: N/A

TAGS: OVIP - AMBASSADOR FREDERICK B. DENT

SUBJ: AMBASSADOR DENT'S VISIT TO OTTAWA, SEPTEMBER 29

REF: OTTAWA 3635

1. DUE TO LATE SEPTEMBER 26 CANADIAN CABINET SHUFFLE IN WHICH INDUSTRY, TRADE AND COMMERCE (ITC) MINISTER GILLESPIE MOVED TO ENERGY, MINES AND RESOURCES PORTFOLIO, ROUNDTABLE MEETING WITH SENIOR CANADIAN OFFICIALS WAS COMBINED WITH MEETING WITH NEW ITC MINISTER DON JAMIEWON, WHO MOVED OVER FROM DEPARTMENT OF REGIONAL ECONOMIC EXPANSION (DREE). CANADIAN OFFICIALS PRESENT AT MEETING, IN ADDITION TO MINISTER JAMIESON, WERE:

- (A) AMBASSADOR RODNEY GREY, HEAD OF CANDEL MTN
- (B) PETER TOWE, ASSISTANT UNDER-SECRETARY (ECONOMIC AFFAIRS), EXTAFF
- (C) T.K. SHOYAMA, DEPUTY MINISTER, FINANCE
- (D) O.G. STONER, DEPUTY MINISTER, ITC
- (E) T.M. BURNS, SENIOR ASSISTANT DEPUTY MINISTER (INTERNATIONAL TRADE AND EXPORT DEVELOPMENT), ITC
- (F) ROBERT K. JOYCE, ASSISTANT DEPUTY MINISTER (TARIFFS, TRADE AND AID), FINANCE
- (G) R.E. LATIMER, ASSISTANT DEPUTY MINISTER (INTERNATIONAL

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TRADE RELATIONS), ITC

(H) R. GHERSON, ECONOMIC MINISTER-COUNSELOR, CANADIAN EMBASSY,  
WASHINGTON

(I) R. FOWLER, COMMERCIAL POLICY DIVISION, EXTAFF

2. U.S. REPRESENTATIVES PRESENT AT MEETING, IN ADDITION TO  
AMBASSADOR DENT, WERE ERIC LAPP (STR), JOHN LEARY (ECONOMIC/  
COMMERCIAL COUNSELOR), THOMAS BUCHANAN (ECONOMIC OFFICER),  
AND CLANCY JEAN (AGRIULTURAL ATTACHE).

3. GENERAL FORMAT OF HOUR-LONG MEETING, WHICH WAS FIRST DIRECT  
EXPOSURE OF MINISTER JAMIESON TO U.S. VIEWS ON MTN ISSUES,  
CONSISTED LARGELY OF QUESTIONS PUT TO AMB. DENT BY THE MINISTER,  
REFLECTING AN INTENSIVE BRIEFING GIVEN TO HIM BY HIS SENIOR  
OFFICIALS EARLIER IN THE MORNING. SUMMARY HIGHLIGHTS OF THE  
DISCUSSION FOLLOW BELOW.

4. AMB. DENT STATED THAT HE FEELS GOOD PROGRESS HAS BEEN MADE  
TO DATE AT GENEVA, BUT THAT THERE IS NOW A NEED FOR ECONOMIC  
FORCES AT WORK IN THE INDUSTRIALIZED COUNTRIES TO CATCH UP,  
I.E., A DECREASE IN THE RATE OF UNEMPLOYMENT, MODERATION IN  
INFLATION RATES, AND GREATER CONSUMER CONFIDENCE WHICH WOULD  
ENGENDER SPENDING AND INVESTMENT, BEFORE SIGNIFICANT PROGRESS  
CAN BE MADE IN TARIFF CUTTING PROPOSALS. HOWEVER, HE EXPRESSED  
OPINION THAT IN THE SHORTER RUN MORE MARKED PROGRESS CAN BE  
MADE IN GENEVA IN NON-TARIFF AREAS OF THE MTN, SUCH AS COUNTER-  
VAILING AND SUBSIDIES. HE SAID THE U.S. WOULD BE TABLING  
IN THE NEAR FUTURE BROAD-BASED CONCEPTS AND PRINCIPLES TO DEAL  
WITH THIS PARTICULAR ISSUE. AMB. GREY INTERJECTED AT THIS  
POINT THAT CANADA ALSO INTENDS TO TABLE A PAPER WHICH WILL BE  
LARGELY A RE-WRITE OF EARLIER GOC PRESENTATIONS, BUT THAT  
THE TWO COUNTRIES ARE RATHER FAR APART ON THE ISSUE. GREY  
STATED THAT, WHILE THE U.S. VIEW WOULD NATURALLY DIFFER,  
CANADA AND MANY OTHER COONTRIES PERCEIVE A VARIETY OF SUB-  
STANTIAL U.S. SUBSIDIES WHICH AID EXPORTS AND EFFECT IMPORT  
REPLACEMENT. GREY SAID THE U.S. DID NOT REPEAT NOT GIVE ADE-  
QUATE CONSIDERATION TO THESE PERCEPTIONS. HE ALSO ADVOCA-  
TED ESTABLISHMENT OF A SYSTEM OF INTERNATIONAL SURVEILLANCE  
AND ARBITRATION OF COUNTERVAIL, SAYING THAT GOC COULD NOT  
ACCEPT AUTOMATIC APPLICATION OF SANCTIONS BASED ON UNILATERAL  
DETERMINATION BY U.S. TREASURY OR OTHER NATIONAL AUTHORITY.  
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AMB. DENT RESPONDED THAT THERE ARE OF COURSE A WIDE VARIETY  
OF OPINIONS ON THIS MATTER AND POINTED OUT THAT A MAJOR  
PROBLEM IN THE SUBSIDY AREA IS CANADIAN SUBSIDIZATION OF CANA-  
DIAN INDUSTRY FOR THE PRODUCTION OF GOODS DESTINED FOR EXPORT  
TRADE AND THAT CANADA'S REGIONAL ECONOMIC PROGRAMS ARE SUSPECT

IN THIS REGARD. MINISTER  
JAMIESON RESPONDED THAT IN THE CASE OF REGIONAL PROGRAMS (WHICH

HE ADMINISTERED AS DREE MINISTER) 99 PERCENT INVOLVES SUBSIDIES ON SUCH THINGS AS EXTRA TRANSPORTATION AND ENERGY COSTS RELATED TO LOCATION IN DEPRESSED AREAS AND THEREFORE THESE ARE LARGELY "NEUTRAL" PROGRAMS.

5. MINISTER JAMIESON INQUIRED ABOUT U.S. APPROACH TO LDCS IN MTN AND ESPECIALLY POSSIBILITY OF ACTION ON TROPICAL PRODUCTS. AMB. DENT REVIEWED THE TOKYO DECLARATION WHICH MANDATED SPECIAL TREATMENT FOR THE LDCS BUT SUGGESTED THAT BEFORE SUCH "PRIVILEGES" COULD BE CONSIDERED IT IS NECESSARY TO KNOW WHERE MTN IS GOING IN GENERAL. REGARDING TROPICAL PRODUCTS, AMB. DENT SAID U.S. IS REVIEWING LISTS SUBMITTED BY NUMBER OF LDCS.

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ACTION STR-04

INFO OCT-01 EUR-12 IO-10 ISO-00 EB-07 SS-15 TRSE-00 AGR-05

COME-00 CIAE-00 INR-07 NSAE-00 ( ISO ) W

----- 064082

R 302218Z SEP 75

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 7665

INFO USDEL MTN GENEVA

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HE COMMENTED THAT NOT ALL PRODUCTS ON LISTS ARE TRULY "TROPICAL" PRODUCTS. HE SAID THERE HAVE BEEN SUGGESTIONS THAT TROPICAL PRODUCTS COULD BE DEALT WITH IN CONTEXT OF GSP. THIS IS NOT ACCEPTABLE, HOWEVER. HE STATED CATEGORICALLY THAT THE U.S. GSP PROGRAM IS NON-NEGOTIABLE AND IS FAR BETTER TREATED AS A BILATERAL PROBLEM NOT TO BE "MUDDLED" INTO THE MTN PROCESS.

6. IN HIS CONCLUDING REMARKS, AMB. DENT REVIEWED THE SIGNS OF UP-TURN IN THE U.S. ECONOMY AND INDICATED THAT THE LITMUS TEST FOR TRADE LIBERALIZATION WOULD BE IN DECLINING RATES OF UNEMPLOYMENT AND AN UPSURGE IN CONSUMER CONFIDENCE. HE ALSO URGED THE NEED FOR COMMON AGRICULTURAL OBJECTIVES BETWEEN THE U.S. AND CANADA. IN GENERAL, HE THOUGHT, THE WORLD ECONOMIC SCENARIO LOOKS FAVORABLE FOR THE MTN TO PRODUCE MAJOR RESULTS IN

THE FIRST HALF OF 1977.

7. FOR THE CANADIAN SIDE, AMB. GREY -- ECHOED AND EQUALLY EMPHASIZED BY MINISTER JAMIESON -- PLEADED THE ABSOLUTE NEED FOR MORE AND EARLIER U.S.-CANADA CONSULTATION ON ALL MTN ISSUES AND MATTERS IN GENEVA.

8. THIS CABLE SUMMARY WAS PREPARED FOLLOWING THE DEPARTURE OF AMB. DENT FROM OTTAWA AND WAS NOT CLEARED BY HIM.

9. COMMENT: EMBASSY BELIEVES THAT AMBASSADOR DENT'S VISIT WAS EXTREMELY USEFUL IN ENCOURAGING CONTINUING DIALOGUE WITH LIMITED OFFICIAL USE

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CANADIANS ON TRADE ISSUES AND SEVERAL OF GOC OFFICIALS WHO PARTICIPATED IN ROUNDTABLE MEETING HAVE COMMENTED TO US IN SIMILAR VEIN. FORTUITOUS TIMING ALSO ENABLED RELATIONSHIP WITH NEW ITC MINISTER TO GET OFF ON RIGHT FOOT.  
JOHNSON

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